

HAWTHORNE SCHOOL DISTRICT
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December 16, 2004

VIA FEDERAL EXPRESS

Sheilah Curtis, Esq.
County of Los Angeles
Office of the County Counsel
648 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

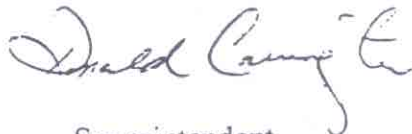
RE: Hawthorne School District - County Resolution regarding the District's
2005 General Obligation Refunding Bonds

Dear Ms. Curtis:

On behalf of the Hawthorne School District, we would like to request that the County of Los Angeles (the "County") place the attached "*Resolution of the Board of Supervisors of the County of Los Angeles, California, Authorizing the Levy of Taxes for General Obligation Refunding Bonds of the Hawthorne School District, Designating the Paying Agent Therefor and Directing the County Auditor-Controller to Maintain Taxes on the Tax Roll*" (the "County Resolution") on the County agenda for the **January 4, 2005** County Board of Supervisors meeting.

Please find enclosed said County Resolution, together with an executed copy of the District Resolution adopted on March 24, 2004 by the District's Board of Trustees.

Very truly yours,



Superintendent

Encls.

cc: Ms. Cammy Dupont, Office Of County Counsel
Ms. Janet Logan, Head Agenda Preparation Section, Executive Office of the County

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE LEVY OF TAXES FOR GENERAL OBLIGATION REFUNDING BONDS OF THE HAWTHORNE SCHOOL DISTRICT, DESIGNATING THE PAYING AGENT THEREFOR AND DIRECTING THE COUNTY AUDITOR-CONTROLLER TO MAINTAIN TAXES ON THE TAX ROLL

WHEREAS, a duly called election was held in the Hawthorne School District (the "District"), County of Los Angeles (the "County"), on June 3, 1997, and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite two-thirds (2/3) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$28,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization");

WHEREAS, the Board of Trustees of the District (the "District Board") has previously approved the issuance of all of the bonds authorized by the Election, including \$16,500,000 aggregate principal or issue amount of the District's General Obligation Bonds 1997 Election, 1997 Series A (the "Prior Bonds");

WHEREAS, the District Board has now determined that conditions in the financial marketplace are favorable for the refunding of the outstanding principal amount of the Prior Bonds;

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") and the Resolution of the District Board adopted on March 24, 2004, the District is authorized to issue refunding bonds (the "Bonds") to refund all or a portion of the Prior Bonds;

WHEREAS, the Board of Supervisors of the County (the "County Board") has been formally requested by the District to levy taxes in an amount sufficient to pay the principal of and interest on the Bonds when due, and to direct the Auditor-Controller of the County to maintain on its tax roll, and all subsequent tax rolls, taxes sufficient to fulfill the requirements of the debt service schedule for the Bonds, commencing on May 1, 2005 that will be provided to the Auditor-Controller by the District following the sale of the Bonds; and

WHEREAS, the Treasurer and Tax Collector (the "Treasurer") of the County has been appointed by the District as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds on behalf of the District, and the District has consented to the Treasurer's contracting with a third party to perform the services of Paying Agent;

NOW THEREFORE, IT IS ORDERED by the Board of Supervisors of the County of Los Angeles, California, as follows:

SECTION 1. Levy of Taxes. That this County Board levy taxes in an amount sufficient to pay the principal of and interest on the Bonds.

SECTION 2. Preparation of Tax Roll. That the Auditor-Controller of the County of Los Angeles is hereby directed to maintain on its tax roll, and all subsequent tax rolls, taxes in an amount sufficient to fulfill the requirements of the debt service schedule for the Bonds, commencing on May 1, 2005, which will be provided to the Auditor-Controller by the District following the sale of the Bonds.

SECTION 3. Paying Agent. That the Treasurer and Tax Collector of the County of Los Angeles act as the Paying Agent for the Bonds.

SECTION 4. Effective Date. That this Resolution shall take effect immediately upon its passage.

The foregoing resolution was, on the ____ day of _____, 2005, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of the Board of
Supervisors of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
County Counsel

By: Sheilah Curtis
Deputy County Counsel

HAWTHORNE SCHOOL DISTRICT
HAWTHORNE, CALIFORNIA

ACTION - AGENDA ITEM

Please use the form below for the submission of items intended for the consideration of the Governing Board by placement on the official agenda of an approaching meeting of the Board.

ACTION ITEM: B TOPIC 2003-2004 Resolution #37, Refunding Approval

Submitted by: Donald R. Carrington
Name

Superintendent's Office
Division/Department

Date Assigned for Board Consideration: March 24, 2004

Motion: Adopt 2003-2004 Resolution #37 Approving the Issuance and Sale of Certain General Obligation Refunding Bonds for the District.

Rationale for Recommendation:

This action will allow for the refinancing of our existing General Obligation Bonds authorized by public election in 1997.

Because interests rates are at a historic low, this action will result in an interest savings for the Hawthorne tax payers of \$443,000 per our financing consultant, Ms. Paquin, over the life of the Bonds.

Approved for Transmittal to Governing Board:

Donald R. Carrington
Superintendent

Motion Shirley Duff Second Cristina Chiappe Vote

Nilo Michelin - Aye
Hugo Rojas - Aye
Cristina Chiappe - Aye
Shirley Duff - Aye
Frank DeSimone - Aye

Hawthorne School District
14120 S. Hawthorne Blvd.
Hawthorne, CA 90250

March 24, 2004

2003-2004
RESOLUTION #37

A RESOLUTION OF THE GOVERNING BOARD OF THE HAWTHORNE SCHOOL DISTRICT
APPROVING THE ISSUANCE AND SALE OF CERTAIN GENERAL OBLIGATION
REFUNDING BONDS FOR THE DISTRICT

WHEREAS, a duly called election was held in the Hawthorne School District (the "District"), County of Los Angeles, California (the "County"), on June 3, 1997, and thereafter canvassed pursuant to law (the "Election"); and

WHEREAS, at the Election, there was submitted to and approved by the requisite two-thirds (2/3) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District (the "Bonds") for the purpose of acquiring and improving real property of the District for, among other things, the acquisition of school sites and the construction of school facilities (collectively, the "Project"), all as authorized in Section 15100 *et seq.* of the Education Code, in the maximum amount of twenty-eight million dollars (\$28,000,000) payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization"); and

WHEREAS, in the name and on behalf of the District, the County has heretofore issued and sold the District's General Obligation Bonds, 1997 Election, 1997 Series A (the "Series A Bonds"), the 1997 Election, Series B (1998) (the "Series B Bonds") and the 1997 Election, Series C (the "Series C Bonds") under the Authorization in the aggregate principal amount of \$26,001,958.35, to finance the Project; and

WHEREAS, the Board of Trustees of the District (the "Board") has determined that financial conditions in the marketplace are favorable for the refunding of some or all of the outstanding Series A Bonds, in accordance with their terms (collectively, the "Refundable Bonds"), resulting in significant savings to the District's taxpayers; and

WHEREAS, pursuant to Section 53550 *et seq.* of the Government Code (the "Act"), the District may issue refunding bonds to retire any or all of its previously issued general obligation bonds, including the Refundable Bonds; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation refunding bonds of the District, and the indebtedness of the District, including the proposed new issue of general obligation refunding bonds (the "2004 Refunding Bonds"), is within all limits proscribed by law; and

WHEREAS, on March 10, 2004, the District adopted 2003-2004 Resolution #26 Authorizing Not to Exceed \$1,998,041,65 of Hawthorne School District General Obligation Bonds, 1997 Election, Series D (the "Series D Bonds") (the "Adopted Resolution") to be delivered on or about April 21, 2004; and

WHEREAS, the District can realize additional savings through the consolidation of its offering of the Series D Bonds with the 2004 Refunding Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Hawthorne School District, County of Los Angeles, State of California, as follows:

1. Definitions. The terms defined in this Section, as used and capitalized herein, shall, for all purposes of this Resolution, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

- (a) "Board" means the Board of Trustees of the District.
- (b) "Bond Counsel" means Fulbright & Jaworski L.L.P., or any other attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax status of securities issued by public entities.
- (c) "Bond Payment Date" means May 1 and November 1 of each year commencing November 1, 2004, with respect to interest payments on the 2004 Refunding Bonds, and November 1 thereafter in the years set forth in the Contract of Purchase with respect to the principal payments on the 2004 Refunding Bonds.
- (d) "Bond Register" means all books and records necessary for the registration, exchange and transfer of the 2004 Refunding Bonds, to be maintained, if necessary, by the Paying Agent.
- (e) "Business Day" means a day other than a Saturday, a Sunday or a day on which the New York Stock Exchange is closed or banks in Los Angeles, California, or New York, New York, are authorized or obligated by law or executive order to close.
- (f) "Closing Date" means the date upon which there is an exchange of 2004 Refunding Bonds for the proceeds representing the purchase price of the 2004 Refunding Bonds by the Underwriter.
- (g) "Code" means the Internal Revenue Code of 1986, as amended and as in effect on the date of issuance of the 2004 Refunding Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

- (h) "Contract of Purchase" means that certain bond purchase agreement by and between the District, the County and the Underwriter for the purchase and sale of the Series D Bonds and the 2004 Refunding Bonds.
- (i) "County" means Los Angeles County, California, a political subdivision duly organized and existing under the laws of the State.
- (j) "Debt Service Fund" means the Fund by that name established with the Paying Agent in accordance with paragraph 8.A hereof.
- (k) "District" means the Hawthorne School District, a school district duly organized and existing under the laws of the State.
- (l) "DTC" means The Depository Trust Company, New York, New York.
- (m) "Escrow Instructions" means those certain Escrow Instructions, dated as of [April] 1, 2004, delivered by the District to U.S. Bank, N.A., as Escrow Agent for the Refundable Bonds.
- (n) "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if: (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.
- (o) "Interest and Sinking Fund" means the 2004 Refunding Series E Hawthorne School District General Obligation Bond Interest and Sinking Fund established and maintained by the Treasurer-Tax Collector in connection with the Refundable Bonds.
- (p) "Issuance Expenses" means all items of expense directly or indirectly reimbursable to the District relating to the issuance, execution and delivery of the 2004 Refunding Bonds including, but not limited to, filing

and recording costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, fees and expenses of the Paying Agent, financial and other professional consultant fees, costs of obtaining credit ratings, municipal bond insurance premiums, if such insurance is determined to be advisable, fees for execution, transportation and safekeeping of the 2004 Refunding Bonds and charges and fees in connection with the foregoing.

- (q) "Outstanding," when used as of any particular time with reference to 2004 Refunding Bonds, means all 2004 Refunding Bonds except:
 - (i) 2004 Refunding Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;
 - (ii) 2004 Refunding Bonds paid or deemed to have been paid within the meaning of Paragraph 15 hereof; and
 - (iii) 2004 Refunding Bonds in lieu of or in substitution for which other 2004 Refunding Bonds shall have been authorized, executed, issued and delivered pursuant to this Resolution.
- (r) "Owner" mean any person who shall be the registered owner of any Outstanding 2004 Refunding Bond.
- (s) "Participant" means a participant of DTC.
- (t) "Paying Agent" means the Treasurer and Tax Collector, acting as Paying Agent for the 2004 Refunding Bonds and as Escrow Agent.
- (u) "Preliminary Official Statement" means the preliminary official statement respecting the 2004 Refunding Bonds, substantially in the form presented to and considered at this meeting of the Board.
- (v) "Principal" or "Principal Amount" means, with respect to any 2004 Refunding Bond, the principal or principal amount thereof.
- (w) "Record Date" means the 15th day of the calendar month next preceding each Bond Payment Date.
- (x) "Refundable Bonds" has the meaning set forth in the recitals hereof.
- (y) "Resolution" means this Resolution.
- (z) "State" means the State of California.
- (aa) "Supplemental Resolution" means any resolution supplemental to or amendatory of this Resolution, adopted by the Board in accordance with Section 16 hereof.

(bb) "Treasurer" means the Treasurer-Tax Collector of the County.

(cc) "2004 Refunding Bonds" means the Bonds to be issued by the Board in the name of the District under this Resolution, entitled "Hawthorne School District (Los Angeles County, California) General Obligation Refunding Bonds, 1997 Election, 2004 Series E," in the maximum aggregate principal amount of not to exceed Fourteen Million Two Hundred Thousand Dollars (\$14,200,000).

(dd) "Underwriter" means UBS Financial Services Inc.

2. Purpose of 2004 Refunding Bonds. That for the purpose of refunding some or all of the Refundable Bonds, the Board hereby authorizes the issuance of the 2004 Refunding Bonds in an aggregate principal amount of not to exceed \$14,200,000. The 2004 Refunding Bonds shall be designated the "Hawthorne School District (Los Angeles County, California) General Obligation Refunding Bonds, 1997 Election, 2004 Series E," which shall be general obligations of the District, secured by the levy of an *ad valorem* tax upon all taxable property in the District, without limitation as to rate or amount.

3. Terms and Conditions of Sale; Contract of Purchase; Approval of Preliminary Official Statement. (A) The 2004 Refunding Bonds shall be issued upon the terms and conditions established in the Contract of Purchase, and shall be issued in fully registered form, in the authorized denominations of \$5,000 or any integral multiple thereof.

Each 2004 Refunding Bond shall be dated the Closing Date (or other such date designated in the Contract of Purchase) and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof, unless it is authenticated as of day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before October 15, 2004, in which event it shall bear interest from the Closing Date (unless otherwise provided in the Contract of Purchase).

(B) There has previously been submitted to and approved by this Board, in the Adopted Resolution, a form of the Contract of Purchase. The Board hereby authorizes the Superintendent or any Assistant Superintendent of the District or the President or Vice President of the Board (each, an "Authorized Officer"), in the name and on behalf of the District, to execute the Contract of Purchase in substantially the same form and upon the same terms as approved in the Adopted Resolution, with such further changes or additions as are necessary to provide for the issuance of the 2004 Refunding Bonds and such additional information included therein as is dependent upon pricing of the 2004 Refunding Bonds, so long as the aggregate principal amount of the 2004 Refunding Bonds does not exceed Fourteen Million Two Hundred Thousand Dollars (\$14,200,000), so long as the Underwriter's discount with respect to the 2004 Refunding Bonds, excluding any original issue discount, which shall not constitute compensation to the Underwriter, does not exceed one percent (1%) of the principal amount of the 2004 Refunding Bonds and so long as the average interest rate on the 2004 Refunding Bonds does not exceed five percent (5%). The 2004 Refunding Bonds shall conform to the requirements of the

Act as to refunding bonds of a local public agency, as to interest rate, final term, costs of issuance and level debt service, as set forth in Sections 53552, 53553 and 53556 of the Act.

The District may, depending upon market conditions, elect to purchase municipal bond insurance to further secure the 2004 Refunding Bonds, upon such terms and conditions as may be approved by the Authorized Officer executing the Contract of Purchase, and the Authorized Officer is hereby authorized and directed to enter into customary and ordinary agreements with any provider of such municipal bond insurance, upon consultation with Bond Counsel.

(C) There has previously been submitted to and approved by this Board, in the Adopted Resolution, a draft Preliminary Official Statement (the "Preliminary Official Statement"). The Board hereby approves changes and additions to the Preliminary Official Statement as are necessary to incorporate the offering of the 2004 Refunding Bonds therein, and with such changes or additions, the Board hereby authorizes any Authorized Officer to deem the Preliminary Official Statement "final" for purposes of assuring compliance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"), and to authorize the Underwriter to prepare a final official statement (the "Official Statement") following the sale of the Series D Bonds and 2004 Refunding Bonds to the Underwriter, with such changes reflected in the Official Statement as the Authorized Officer may, by his execution thereof, approve.

4. Redemption of 2004 Refunding Bonds. The 2004 Refunding Bonds shall be subject to optional redemption prior to their respective stated maturities on the dates and at the prices as set forth in the Contract of Purchase.

Whenever provision is made in this Resolution or in the Contract of Purchase for the redemption of the 2004 Refunding Bonds and less than all Outstanding 2004 Refunding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall select 2004 Refunding Bonds for redemption in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select 2004 Refunding Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any 2004 Refunding Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

When redemption is authorized or required pursuant to this Resolution or the Contract of Purchase, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall give notice (a "Redemption Notice") of the redemption of the 2004 Refunding Bonds. Such Redemption Notice shall specify: (a) the 2004 Refunding Bonds or designated portions thereof (in the case of redemption of the 2004 Refunding Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the 2004 Refunding Bonds to be redeemed, (f) the Bond numbers of the 2004 Refunding Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such

Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of 2004 Refunding Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) In the event that the 2004 Refunding Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this paragraph, such Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected 2004 Refunding Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming 2004 Refunding Bonds shall bear the CUSIP number identifying, by series and maturity, the 2004 Refunding Bonds being redeemed with the proceeds of such check or other transfer.

Upon the surrender of any 2004 Refunding Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2004 Refunding Bonds surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Interest and Sinking Fund, the 2004 Refunding Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the 2004 Refunding Bonds to be redeemed as provided in this Paragraph, together with interest to such redemption date, shall be held by or on behalf of the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the 2004 Refunding Bonds to be redeemed shall cease to accrue. All money held by or on behalf of the Paying Agent for the redemption of 2004 Refunding Bonds shall be held in trust for the account of the Owners of the 2004 Refunding Bonds so to be redeemed.

All 2004 Refunding Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Paragraph shall be canceled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a 2004 Refunding Bond purchased by the District shall be canceled by the Paying Agent.

When any 2004 Refunding Bonds, or portions thereof, which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held in the Debt Service Fund or the Interest and Sinking Fund irrevocably in trust for the payment of the redemption price of such 2004 Refunding Bonds or portions thereof, all as provided in this Resolution, then such 2004 Refunding Bonds shall no longer be deemed Outstanding and shall be surrendered, when and if received, to the Paying Agent for cancellation.

5. Execution of 2004 Refunding Bonds. The 2004 Refunding Bonds shall be signed by the President of the Board by his manual or facsimile signature and countersigned by the manual or facsimile signature of and the seal of the District shall be affixed thereto by the Secretary of the Board, all in their official capacities. No 2004 Refunding Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the 2004 Refunding Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the 2004 Refunding Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

6. Appointment of Paying Agent. This Board does hereby appoint the Treasurer, as the initial Paying Agent for the 2004 Refunding Bonds. The Treasurer may appoint a financial institution to act as its agent in providing the services of Paying Agent hereunder.

All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District. The District shall function as the dissemination agent and shall perform all duties and obligations as set forth in the Continuing Disclosure Undertaking.

Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Principal of, premium, if any, and interest on the 2004 Refunding Bonds.

The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any 2004 Refunding Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the County or the District, and the opinion of such counsel shall be full and complete authorization and

protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution. In no event shall the County be required to expend its own funds hereunder.

The Paying Agent or the Underwriter may become the Owner of any 2004 Refunding Bonds.

The Paying Agent initially appointed hereunder may resign from service as Paying Agent and in the event the Treasurer selects a third party to perform the services of initial Paying Agent, the Treasurer may remove such Paying Agent or any subsequent Paying Agent as provided in the respective Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the Treasurer shall appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in Los Angeles, California, with at least \$100,000,000 in net assets. The Paying Agent shall keep accurate records of all funds administered by it and of all 2004 Refunding Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and the County. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County and the District, a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there is no successor, the Treasurer shall remain the Paying Agent.

7. Establishment of Interest and Sinking Fund with the Treasurer. There is hereby established in trust a fund designated as the "Hawthorne School District General Obligation Refunding Bonds, 1997 Election, 2004 Refunding Series E Interest and Sinking Fund" (the "Interest and Sinking Fund") which shall be administered by the Treasurer for the account of the District. The Treasurer shall deposit all *ad valorem* taxes collected for the payment of the 2004 Refunding Bonds, and which may be invested as a part of the Treasury Pool of the County. Amounts on deposit in the Interest and Sinking Fund are pledged to the payment of principal and redemption price of and interest on the 2004 Refunding Bonds, as the same shall become due. The Treasurer shall withdraw an amount sufficient to pay the principal or redemption price of and interest on the 2004 Refunding Bonds on or before each Bond Payment Date and each redemption date established hereunder and shall transfer such amount to the Paying Agent in time for the Paying Agent to pay such amounts as may then be coming due to the Owners of the Outstanding 2004 Refunding Bonds.

8. Payment of Principal and Interest. (A) The Paying Agent shall establish a special trust fund for the District, designated as the "Hawthorne School District 2004 Refunding Debt

Service Fund" (the "Debt Service Fund"), into which the Paying Agent shall deposit, as and when received from the Treasurer, all amounts necessary for the payment of the principal or redemption price of and interest on the 2004 Refunding Bonds, in accordance with their terms. The Paying Agent shall provide to the Treasurer appropriate wire transfer instructions and other information as may be necessary in order to effectuate the timely payment of moneys due on the 2004 Refunding Bonds. Moneys deposited into the Debt Service Fund are irrevocably pledged to the payment of the Principal or redemption price of and interest on the 2004 Refunding Bonds, as and when the same shall become due. On each Bond Payment Date or redemption date established hereunder for the 2004 Refunding Bonds, the Paying Agent shall pay to the Owners the principal or redemption price of and interest on the 2004 Refunding Bonds then coming due from amounts on deposit in the Debt Service Fund.

(B) Payment of interest on any 2004 Refunding Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. Any Owner of 2004 Refunding Bonds in an aggregate Principal Amount of \$1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal and redemption premiums, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the principal office of the Paying Agent. The interest, principal and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the 2004 Refunding Bonds when duly presented for payment at maturity, and to cancel all 2004 Refunding Bonds upon payment thereof.

9. Bond Registration and Transfer. If the book-entry system described in Paragraph 10 below is no longer in effect, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office the Bond Register. While such book entry system is in effect, such books need not be kept, as the 2004 Refunding Bonds will be represented by one bond for each maturity registered in the name of Cede & Co., as nominee for DTC.

Subject to the provisions of this paragraph, the person in whose name a 2004 Refunding Bond is registered on the Bond Register shall be regarded as the absolute owner of that 2004 Refunding Bond for all purposes of this Resolution. Payment of or on account of the principal of and interest on any 2004 Refunding Bond shall be made only to or upon the order of that person; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Paragraph. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the 2004 Refunding Bonds, including interest, to the extent of the amount or amounts so paid.

Any 2004 Refunding Bond may be exchanged for 2004 Refunding Bonds of any authorized denomination upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. In the event that the District determines to no longer maintain the book-entry only status of the 2004 Refunding

Bonds, DTC determines to discontinue providing such services and no successor securities depository is named, or DTC requests the District to deliver 2004 Refunding Bond certificates to particular DTC Participants, any 2004 Refunding Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of this Paragraph, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2004 Refunding Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

Neither the District nor the Paying Agent will be required: (i) to issue or transfer any 2004 Refunding Bonds during a period beginning with the opening of business on the 15th Business Day next preceding either any Bond Payment Date or any date of selection of 2004 Refunding Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given, or (ii) to transfer any 2004 Refunding Bonds which have been selected or called for redemption in whole or in part.

10. Form of 2004 Refunding Bonds. The 2004 Refunding Bonds shall be in substantially the form attached hereto as Exhibit A, allowing those officials executing the 2004 Refunding Bonds to make the insertions and deletions necessary to conform the 2004 Refunding Bonds to this Resolution and the Contract of Purchase.

11. Book-Entry System. The 2004 Refunding Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the 2004 Refunding Bonds within each series. Upon initial issuance, the ownership of each such Bond certificate shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding 2004 Refunding Bonds shall be registered in the Bond Register in the name of the Nominee and the 2004 Refunding Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to 2004 Refunding Bonds registered in the Bond Register in the name of the Nominee and the District shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the 2004 Refunding Bonds. Without limiting the immediately preceding sentence, the District shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the 2004

Refunding Bonds, (ii) the delivery to any Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the 2004 Refunding Bonds, including any redemption notice, (iii) the selection by the Depository and the Participants of the beneficial interests in the 2004 Refunding Bonds to be redeemed in part, or (iv) the payment to any Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on the 2004 Refunding Bonds. The District may treat and consider the person in whose name each 2004 Refunding Bond is registered in the Bond Register as the holder and absolute Owner of such 2004 Refunding Bond for the purpose of payment of Principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the 2004 Refunding Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on the 2004 Refunding Bonds only to the respective Bond Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on the 2004 Refunding Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in the Bond Register, shall receive a 2004 Refunding Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions hereof with respect to Record Dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

(b) If at any time the Depository notifies the District that it is unwilling or unable to continue as Depository with respect to the 2004 Refunding Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Treasurer within 90 days after the District receives notice or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the Treasurer shall issue 2004 Refunding Bonds representing the 2004 Refunding Bonds as provided below. In addition, the District may determine at any time that the 2004 Refunding Bonds shall no longer be represented by book-entry securities and that the provisions of subsection (a) hereof shall no longer apply to the 2004 Refunding Bonds. In any such event the Treasurer shall execute and deliver certificates representing the 2004 Refunding Bonds as provided below. 2004 Refunding Bonds issued in exchange for book-entry securities pursuant to this subsection (c) shall be registered in such names and delivered in such denominations as the Depository shall instruct the District. The Treasurer shall deliver certificated securities representing the 2004 Refunding Bonds to the persons in whose names such 2004 Refunding Bonds are so registered.

If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or cause to be prepared a new fully registered book-entry security for each of the maturities of 2004 Refunding Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the District and such securities depository and not inconsistent with the terms of this Resolution.

(c) Notwithstanding any other provision of this Resolution to the contrary, so long as any 2004 Refunding Bond is registered in the name of the Nominee, all payments with respect to Principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

(d) The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

12. Delivery of 2004 Refunding Bonds: Disposition of Proceeds of the 2004 Refunding Bonds.

- (a) Delivery of the 2004 Refunding Bonds. The proper officials of the District shall cause the 2004 Refunding Bonds to be issued and, following their sale, shall have the 2004 Refunding Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the 2004 Refunding Bonds, to the Underwriter upon payment of the purchase price in funds which are immediately available to the District.
- (b) Application of 2004 Refunding Bond Proceeds. The proceeds of the 2004 Refunding Bonds shall be deposited as follows:
 - (i) There shall be deposited with the Paying Agent, into an account designated as the "Hawthorne School District 2004' Refunding Costs of Issuance Account," which shall be established by the Paying Agent and maintained as a special trust account (the "Costs of Issuance Account") sufficient of such proceeds to pay the Issuance Expenses, pursuant to written requisition from the District; and
 - (ii) There shall be deposited with the Paying Agent, into an account designated as the "Hawthorne School District 2004' Refunding Escrow Account," which shall be established as provided in the Escrow Instructions, the remaining proceeds of sale of the 2004 Refunding Bonds, to be used to refund the Refundable Bonds in accordance with said Escrow Instructions. Moneys in the Escrow Account shall not be commingled with other funds on deposit with the Paying Agent but shall be invested in investments of the United States Government as directed by the District by the Escrow Instructions and in accordance with Section 53635 of the Government Code of the State
- (c) Application of Invested Proceeds to Redeem Refundable Bonds. On November 1, 2008, the Paying Agent shall, in accordance with the Escrow Instructions, apply the balance in the Escrow Account to pay maturing principal, interest and the redemption price of the Refundable Bonds; any

balance in the Escrow Account after payment in full of the Refundable Bonds shall be returned to the District to be used for any lawful purpose.

13. Source of Payment. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the 2004 Refunding Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the 2004 Refunding Bonds when due, which moneys when collected will be placed in the Interest and Sinking Fund of the District established with the Treasurer-Tax Collector, which fund is irrevocably pledged for the payment of the principal or redemption price of and interest on the 2004 Refunding Bonds as and when the same fall due. The moneys in the Interest and Sinking Fund, to the extent necessary to pay the principal of and interest on the 2004 Refunding Bonds as the same become due and payable, shall be transferred by the Treasurer-Tax Collector to the Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal of and interest on the 2004 Refunding Bonds. DTC will thereupon make payments of principal and interest on the 2004 Refunding Bonds to the DTC Participants who will thereupon make payments of principal and interest to the beneficial owners of the 2004 Refunding Bonds. Any moneys remaining in the Interest and Sinking Fund after the 2004 Refunding Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the general fund of the District.

14. Amendment of this Resolution. In the event that the District shall purchase municipal bond insurance to secure the payments on the 2004 Refunding Bonds when due, the District shall not amend or supplement this Resolution, under any circumstances, without the prior written consent of the provider of such municipal bond insurance (the "Insurer").

(a) Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the District and the Owners of the 2004 Refunding Bonds, may be modified or amended at any time by a Supplemental Resolution adopted by the Board with the written consent of the Insurer and of the Owners of at least sixty percent (60%) in aggregate principal amount of the Outstanding 2004 Refunding Bonds, exclusive of 2004 Refunding Bonds, if any, owned by the District; provided, however, that no such modification or amendment shall, without the express consent of the Owner of each 2004 Refunding Bond affected, reduce the principal amount of any 2004 Refunding Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. Notwithstanding anything to the contrary, no such consent shall be required if the Owners are not directly or adversely affected by such modification or amendment.

(b) Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Board may be adopted, which,

without the requirement of consent of the Owners, shall be fully effective in accordance with its terms;

- (i) To add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;
 - (ii) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;
 - (iii) To confirm, as further assurance, any pledge under and the subjection to any lien or pledge created or to be created by this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;
 - (iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the 2004 Refunding Bonds; and
 - (v) To amend or supplement this Resolution in any other respect, including in order to meet the requirements of the Insurer, if any, provided such Supplemental Resolution does not, in the opinion of Bond Counsel, adversely affect the interests of the Owners.
- (c) Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the 2004 Refunding Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent regulating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the District or any officer or agent of either from taking any action pursuant thereto.

15. Defeasance. If all Outstanding 2004 Refunding Bonds shall be paid and discharged in any one or more of the following ways:

- (a) By well and truly paying or causing to be paid the principal and interest on all 2004 Refunding Bonds Outstanding, and when the same become due and payable;
- (b) By depositing with the Paying Agent, in trust, at or before maturity, cash which together with amounts then on deposit in the Interest and Sinking Fund together with the interest to accrue thereon and on any such moneys,

obligations or securities as may be permitted by the laws of the State to be deposited for the purpose of refunding the 2004 Refunding Bonds without the need for further investment, is fully sufficient to pay all 2004 Refunding Bonds Outstanding at maturity thereof or on any redemption date prior thereto, including any premium and all interest thereon, notwithstanding that any 2004 Refunding Bonds shall not have been surrendered for payment; or

- (c) By depositing with an institution that meets the requirements for serving as a Paying Agent pursuant to Paragraph 7 hereof, in trust, lawful moneys, or obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of Bond Counsel, will not impair the exclusion of gross income for federal income tax purposes of interest on the 2004 Refunding Bonds, in such amount as will, in the opinion of an independent certified public accountant, together with the interest to accrue thereon but without the need for further investment, be fully sufficient to pay and discharge all 2004 Refunding Bonds Outstanding at maturity thereof or on any redemption date prior thereto, including any premium and all interest thereon, notwithstanding that any 2004 Refunding Bonds shall not have been surrendered for payment;

then all obligations of the District under this Resolution with respect to all Outstanding 2004 Refunding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid from funds to the Owners of the 2004 Refunding Bonds all sums due thereon.

16. Tax Covenants of the District.

- (a) The District represents that it will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such Section is applicable to the 2004 Refunding Bonds.
- (b) The District represents that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the 2004 Refunding Bonds under Section 103 of the Code.

17. Necessary Acts and Conditions. This Board determines that all acts and conditions necessary to be performed by the Board or have been precedent to and in the issuing of the 2004 Refunding Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the 2004 Refunding Bonds have been performed and have been met, in regular and due form as required by law; that the full faith, credit and revenues of the District are pledged for the timely payment

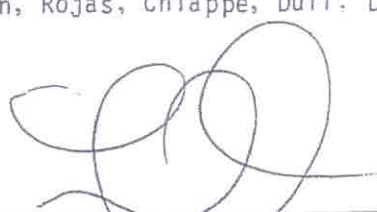
of the principal of and interest on the 2004 Refunding Bonds; and that the District has certified to the Board that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the 2004 Refunding Bonds.

18. Approval of Actions. Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the 2004 Refunding Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

19. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 24th day of March, 2004, by the following vote:

AYES: 5	Members: Michelin, Rojas, Chiappe, Duff, DeSimone
NOES: 0	Members:
ABSENT: 0	Members:
ABSTENTIONS: 0	Members:



President, Board of Trustees,
Hawthorne School District

Attest:



Secretary, Board of Trustees

EXHIBIT A
FORM OF BOND

REGISTERED
REGISTERED NO. _____

\$ _____

HAWTHORNE SCHOOL DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION REFUNDING BOND, 1997 ELECTION, 2004 SERIES E

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____% per annum	November 1, 20__	Date of Delivery	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Hawthorne School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, such interest to be paid on May 1 and November 1 of each year (the "Bond Payment Dates"), commencing November 1, 2004. This Bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof, unless: (i) it is authenticated as of a day following the 15th day of the month immediately preceding any Bond Payment Date and on or before such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or (ii) it is authenticated on or before October 15, 2004, in which event it shall bear interest from the date of delivery of the Bonds. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this Bond is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially, the Treasurer-Tax Collector of the County of Los Angeles, California (the "Paying Agent"). Principal and any redemption premium is payable upon presentation and surrender of this Bond at the principal corporate trust office of the Paying Agent. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the registered owner of this Bond by first-class mail at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date").

This Bond is one of a series of [_____] dollars [(\$_____)] of Bonds issued for the purpose of refunding certain outstanding general obligation bonds of the District whose proceeds were used to raise money for acquiring and improving real property of the District, all as authorized in Section 15100 *et seq.* of the Education Code, under authority of and pursuant to the laws of the State, and the requisite two-thirds (2/3) vote of the electors of the District cast at an election held on June 3, 1997, upon the question of issuing bonds in the

amount of twenty-eight million dollars (\$28,000,000), and the resolution of the Board of Trustees of the District adopted on [March 24], 2004 (the "Bond Resolution"). This Bond is further authorized pursuant to the general refunding law of the State, being Article 9 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California. This Bond and the issue of which this Bond is a part are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

The Bonds of this issue are issuable only as fully registered Bonds in the denominations of five thousand dollars (\$5,000) or any integral multiple thereof (except that one such bond may be issued in an irregular denomination). This Bond is exchangeable and transferable for Bonds of other authorized denominations at the principal corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. Any tax or governmental charges shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

The Bonds maturing on or before November 1, 20__, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after November 1, 20__, are subject to redemption prior to maturity, at the option of the District, from any available source of funds, in whole or in part, on November 1, 20__, and on any date thereafter, at a redemption price equal to the principal amount thereof together with accrued interest thereon to the date fixed for redemption, plus a premium (expressed as a percentage of the principal amount of Bonds to be redeemed) as set forth in the following table:

Redemption Period (Dates Inclusive)	Redemption Price
November 1, 20__ through October 31, 20__	%
November 1, 20__ and thereafter	

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by the District in such manner as the District in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of five thousand dollars (\$5,000) or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by five thousand dollars (\$5,000). If less than all of the Bonds shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by lot in any manner which the District in its discretion shall determine.

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District. Such notice shall specify: (i) that the Bonds or a designated portion thereof are to be redeemed, (ii) the numbers and CUSIP numbers, if any, of the Bonds to be redeemed, (iii) the date of notice and the date of redemption, (iv) the place or places where the redemption will be made, and (v) descriptive information regarding the issue of Bonds and the specific Bonds redeemed, including the dated date, interest rate and stated maturity date of each. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue.

Notice of redemption shall be by registered or otherwise secured mail or delivery service, postage prepaid, to the registered owner of the Bonds, or if the underwriter is a syndicate, to the managing member of such syndicate, to a municipal registered securities depository and to a national information service that disseminates securities redemption notices and, by first class mail, postage prepaid, to the District and the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least thirty (30) days, but not more than sixty (60) days, prior to the redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds nor entitle the owner thereof to interest beyond the date given for redemption.

Neither the District nor the Paying Agent will be required: (i) to issue or transfer any Bond during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of any Bond to be redeemed and ending with the close of business on the Bond Payment Date or a day on which the applicable notice of redemption is given, or (ii) to transfer any Bond which has been selected or called for redemption in whole or in part.

Reference is made to the Bond Resolution for a more complete description of the provisions with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and other terms and conditions upon which the Bonds are issued and secured. The owner of this Bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution and of the laws of the State of California governing the issue of the Bonds.

This Bond has been designated by the District as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

It is certified and recited that all acts and conditions required by the District under the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the Bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal

and interest when due, and for levying and collecting such taxes the full faith and credit of the District are hereby pledged.

This Bond shall be not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been manually signed by the Paying Agent.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

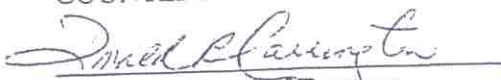
IN WITNESS WHEREOF, the Hawthorne School District, Los Angeles County, California, has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Trustees of the District, and to be countersigned by the manual or facsimile signature of the Secretary of the Board of Trustees of the District, all as of the date stated above.

HAWTHORNE SCHOOL DISTRICT



By _____
President, Board of Trustees

COUNTERSIGNED:


Secretary, Board of Trustees

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Bond Resolution, which has been authenticated on the date set forth below.

Authenticated on: _____

TREASURER-TAX COLLECTOR OF THE
COUNTY OF LOS ANGELES, as Paying Agent

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s) _____
attorney, to transfer the same on the registration books of the Paying Agent with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a
qualified guarantor institution.

Notice: The signature on this assignment must
correspond with the name(s) as written on the
face of the within Bond in every particular
without alteration or enlargement or any change
whatsoever.